

**MINUTES
of the
FIRST MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT
AND TELECOMMUNICATIONS COMMITTEE**

**June 13, 2006
State Capitol, Room 322
Santa Fe**

The first meeting of the Economic and Rural Development and Telecommunications Committee for the 2006 interim was called to order by Representative Mary Helen Garcia, chair, on Tuesday, June 13, 2006, at 1:07 p.m. in Room 322 at the State Capitol in Santa Fe.

Present

Rep. Mary Helen Garcia, Chair
Sen. Bernadette M. Sanchez, Vice Chair
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Mary Jane M. Garcia
Sen. Clinton D. Harden, Jr.
Sen. Carroll H. Leavell
Rep. Patricia A. Lundstrom
Rep. Kathy A. McCoy
Rep. Andy Nunez
Sen. John Pinto
Sen. William E. Sharer
Sen. Leonard Tsosie

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Sen. Phil A. Griego
Rep. John A. Heaton
Rep. Ted Hobbs
Sen. Steven P. Neville
Rep. Al Park
Sen. Lidio G. Rainaldi
Rep. Debbie A. Rodella
Sen. John C. Ryan
Rep. Richard D. Vigil

Staff

Charles H. Van Gorder
Gordon Meeks
Jeremy LaFaver

Absent

Rep. Hector H. Balderas
Rep. Dianne Miller Hamilton
Sen. Richard C. Martinez

Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Sen. Shannon Robinson
Rep. Harriet I. Ruiz

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file.

Tuesday, June 13**2006 Legislation — Summary**

Gordon Meeks summarized the history of the Economic and Rural Development and Telecommunications Committee and briefly described some of the appropriations bills endorsed by the committee during its 2005 interim and the appropriations that finally made it into the general appropriations bills in the 2006 session.

Economic Development Department — Status Update

Kelly O'Donnell, deputy secretary of economic development, summarized the activities of the Economic Development Department (EDD) over the past three years, emphasizing that the state has experienced significant economic improvements. New Mexico's 2.8 percent rate of job growth ranks twelfth in the United States. The state's seasonally adjusted unemployment rate for February 2006 was 4.0 percent, the lowest it has been in 30 years. New Mexico's unemployment rate has gone from thirty-fourth nationwide in 2003 to nineteenth currently, and the decline in the state's jobless rate is accelerating. The state's economic growth is being driven by high-wage industries with more than 2,000 jobs being added in the business and professional services sector in 2005. New Mexico's per capita personal income increased by 5.6 percent between 2004 and 2005 (the national figure was 4.6 percent) and the state ranks twelfth in the nation in growth of personal income.

Deputy Secretary O'Donnell stated that the EDD's mission is to improve quality of life through business development and community development, including job creation. Strategies to accomplish this mission include departmental activities to recruit new businesses, retaining and expanding existing businesses and supporting business development through such programs as tax incentives and addressing regulatory issues. The department has taken the lead in some instances, such as with the X Prize and the spaceport, and also works with other semi-independent private and public sector organizations such as the New Mexico Partnership, thereby enabling the state to respond rapidly to new business opportunities. The department also seeks to strengthen New Mexico communities, helping to make them good places to live where employees will want to come and stay. The deputy secretary also updated the committee on the proposed spaceport and the X Prize competition.

Eric Griego, assistant secretary for economic development, updated the committee on the department's efforts in the area of community and rural economic development. These efforts include supporting local MainStreet downtown revitalization programs; appointing a Native American liaison within the EDD and utilizing regional representatives; working with historic land grant communities to identify appropriate development strategies; implementing the Certified Communities Initiative (23 certified communities now; 10 more expected in the next fiscal year); implementation of the Local Economic Development Act to leverage resources at

the community level; and monthly meetings of the Rural Economic Action Partnership and the Jobs Training Investment program.

Clark Krause, acting chief executive officer of the New Mexico Economic Development Partnership, reviewed the programs and accomplishments of the partnership since its inception in October 2003. The partnership provides a business recruitment service and has been involved in locating 16 new companies and the creation of 4,239 new jobs in New Mexico.

Questioning by committee members included requests for disaggregated statistics so that advances in economic development can be viewed on a county-by-county basis. There was also concern expressed regarding the lack of a uniform definition for the term "rural". Questions were also raised regarding the effectiveness of tax incentive programs and whether various state programs may be working at cross purposes when it comes to business development. Concern was also expressed regarding how much economic development is taking place in rural areas of the state as compared to the Rio Grande corridor. In response to inquiries regarding disaggregated data, staff from the EDD stated that they do not currently have access to most of the state's data banks. In order to disaggregate the data, the Labor Department and the Taxation and Revenue Department would need to work together and in conjunction with the EDD. Staff also said that much of the data is confidential or proprietary.

2006 Interim Work Plan and Meeting Schedule Development

Chase Van Gorder presented the committee with a draft work plan for the 2006 interim and a sheet containing ideas for meeting locations and agenda topics. Representative Mary Helen Garcia indicated that she and Senator Bernadette M. Sanchez had met with representatives of the Governor's Office earlier in the day and that the administration would like the committee to consider the GRIP II program, the governor's "Wire New Mexico" program and arts trails. Members of the committee mentioned the following topics and topics that they would like to see addressed by the committee during the 2006 interim: individual development accounts (the Families Opportunity Act); development incentives; alternative energy sources and how to increase the availability of energy power lines so that power generated by such sources can get to market; historical development and the New Mexico MainStreet program; obstacles to the development of small businesses; the ability of the Construction Industries Division of the Regulation and Licensing Department to handle its work load in a timely manner; the statutory definitions of "rural"; regulatory impediments to development; the effectiveness of tax incentives in stimulating economic development; the state of the economic partnership program; availability of high-speed telecommunications statewide; "predatory" companies; eminent domain; alcohol licensing; and the status of the horse racing industry.

Suggested locations for committee meetings during the interim included Ruidoso, Tucumcari, Santa Rosa, Las Cruces and Deming. Following the committee's discussion of the draft work plan, the staff was requested to revise it in accordance with the committee's discussion for approval by the chair and submission to the Legislative Council.

On a motion by Representative Andy Nunez, seconded by Representative Patricia A. Lundstrom, the committee voted without opposition to write a letter to the Public Regulation Commission to inquire about the status of the Rural Extension Fund. On a motion by Representative Lundstrom, seconded by Senator Clinton D. Harden, Jr., the committee voted

without opposition to write a letter to the president pro tempore of the Senate and the speaker of the house requesting that committee members be given permission to attend the 2006 Assets Learning Conference to be held on September 19-21 in Phoenix, AZ.

Adjournment

There being no further business before the committee, the first meeting of the Economic and Rural Development and Telecommunications Committee for the 2006 interim was adjourned at 4:17 p.m.